



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF)	DECISION AND ORDER
SOUTH JERSEY GAS COMPANY TO CHANGE)	APPROVING STIPULATION
THE LEVEL OF ITS BASIC GAS SUPPLY)	AND INITIAL DECISION
SERVICE)	FOR FINAL BGSS RATES
		DOCKET NO. GR08050366

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND

Per the generic Order of the Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs"), by June 1, submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 of the current year and February 1 of the following year with one month's advance notice to the Board and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel").

In accordance with the above noted Order, on May 30, 2008, South Jersey Gas Company ("Company", or "SJG") filed with the Board its annual petition to establish new Periodic BGSS ("BGSS-P") rates for the period October 1, 2008 through September 30, 2009. The Company's petition sought to increase its BGSS-P charge from its then current level of \$0.9564 per therm (including taxes) to \$1.2355 per therm (including taxes), effective October 1, 2008. This change, if approved, would have increased the annual bill of a residential customer utilizing 100 therms of gas during a winter month by \$27.91 or 18.2%.

The petition also requested the following revisions: 1) setting the gas cost portion of the D-2 charge for Rate Schedule LVS at \$13.8976 per Mcf, including taxes; (2) setting the gas cost portion of the Firm and Limited Firm D-2 charges for Rate Schedule EGS-LV at \$15.1534 per Mcf including taxes, and \$6.9488 per Mcf, including taxes respectively; (3) setting the gas cost portion of the D-2 charge at \$6.9488 per Mcf for Rate Schedule FES; and (4) setting the non-

commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV at \$0.0836 per therm, including taxes.

After publication of notice in newspapers of general circulation in SJG's service territory, a public hearing in this matter was held on August 20, 2008, in Voorhees, New Jersey. The public notice also advised customers that the Board's January BGSS Order granted the Company the discretion to self-implement an increase in its BGSS rates to be effective December 1, 2008 and/or February 1, 2009 after prior notice to the Board and Rate Counsel, with each increase capped at 5% of the total NJNG residential bill. The public notice also stated that the Company is permitted to decrease its BGSS rate at any time upon two weeks' notice to the Board and Rate Counsel. No members of the public appeared to provide comments related to the Company's filing.

On November 6, 2008, following review by, and subsequent discussions among representatives of SJG, Rate Counsel, and Board Staff, the only parties to this proceeding (collectively, "the Parties"), the Parties executed a Stipulation for Provisional BGSS rates ("Provisional Rate Stipulation"), with rates subject to refund with interest on any net over recovered BGSS balance. The Provisional Rate Stipulation reduced the Company's originally requested annual revenue increase of \$73.7 million to a \$38 million annual increase in revenues in recognition of the decline in natural gas market costs. The Provisional Rate Stipulation solely addressed establishing new provisional BGSS rates for the Company, recognizing that additional time was needed to allow for a complete review of the Company's 2008 BGSS filing.

By Order dated November 21, 2008, the Board approved the Provisional Rate Stipulation which revised SJG's BGSS-P rate from its then current level of \$0.9564 per therm (including taxes) to \$1.0977 per therm (including taxes) and decreased the gas cost portion of the D-2 charge for Rate Schedule Large Volume Service ("LVS") to \$13.4388 per Mcf, (including taxes) from its then current level of \$17.1896 per Mcf, (including taxes); set the gas cost portion of the Firm D-2 charge at \$15.1808 per Mcf, (including taxes) from its then current level of \$15.1534 (including taxes) and the Limited Firm D-2 charge at \$6.7194 per Mcf, (including taxes) from its then current level of \$8.5948 per Mcf, (including taxes) for Rate Schedule Electric Generation Service-Large Volume ("EGS-LV"); decreased the gas cost portion of the D-2 charge to \$6.7194 per Mcf, (including taxes) from its then current level of \$8.5948 per Mcf, (including taxes) for Rate Schedule Firm Electric Service ("FES"); and set the monthly BGSS non-commodity rate applicable to Rate Schedules General Service Gas ("GSG"), General Service Gas Large Volume ("GSG-LV"), Electric Generation Service ("EGS"), Large Volume Service ("LVS") and Electric Generation Service-Large Volume ("EGS-LV") at \$0.0753 per therm, (including taxes), increased from its then current level of \$0.0162 per therm, (including taxes).

Subsequently by Board Order dated December 31, 2008, the Board approved on a provisional basis, subject to refund with interest on any net over recovered BGSS balance, an additional provisional decrease in SJG's after tax BGSS-P rate to \$1.0627 per therm (including taxes) from \$1.0977 per therm (including taxes). The Board further ordered that all other provisional rates approved by the November 21, 2008 Order in this docket remain in full effect. As a result of the December 31, 2008 Order, the average residential heating customer using 100 therms of gas during a heating month experienced a decrease of approximately \$3.50 or 2.1% per month.

This matter was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") W. Todd Miller.

Following further review and discussions, the Parties entered into the attached Stipulation for Final Rates dated July 15, 2009. The Parties also agreed 1) that the Company's request for a Storage Incentive Mechanism accounting order should be considered in the Company's 2009-2010 BGSS proceeding, and 2) that SJG's proposed allocation of balancing charge credits and FES Tariff Addendum credits to the Company's BGSS-P customers is appropriate.

On July 15, 2009, ALJ Miller issued his Initial Decision approving the Stipulation for Final Rates finding that it satisfies the requirements of N.J.A.C. 1:1-19.1.

DISSUSSION AND FINDINGS

The Board, having carefully reviewed the Initial Decision and Stipulation in this proceeding, HEREBY FINDS that subject to the terms and conditions set forth below, the Initial Decision and Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Initial Decision and the Stipulation in their entirety and HEREBY INCORPORATES their terms and conditions as though fully set forth herein.

The Board HEREBY DIRECTS that the decrease in the Company's after-tax per-therm BGSS-P rate to \$1.0627 be made final. Furthermore, the Board HEREBY APPROVES the following rates on a final basis: 1) a rate of \$13.4388 per Mcf, (including taxes) for the gas cost portion of Petitioner's D-2 charge for Rate Schedule LVS; 2) a rate of \$15.1808 per Mcf, (including taxes) for the gas cost portion of the Firm D-2 charges, and a rate of \$6.7194 per Mcf, (including taxes) for the gas cost portion of the Limited Firm D-2 charges for Rate Schedule EGS-LV; 3) a rate of \$6.7194 per Mcf, (including taxes) for the gas cost portion of the D-2 charge for Rate Schedule FES; and 4) a rate of \$0.0753 per therm, (including taxes) for the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV effective on and after the date of this Order. Lastly the Board HEREBY APPROVES the allocation of balancing charge credits and FES Tariff Addendum credits to the Company's BGSS-P customers.

The Board HEREBY DIRECTS that, within ninety days of the receipt by the Company of this Order, the Parties initiate a technical conference to collectively review the Company's current hedging program in a collaborative manner and, if necessary and warranted, discuss and consider changes on a going-forward basis. The Board HEREBY DIRECTS the Company to submit a report to the Board describing the results of those meetings by December 31, 2009.

The Board HEREBY DIRECTS the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order within seven (7) business days from the effective date of this Order.

The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 8/19/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT

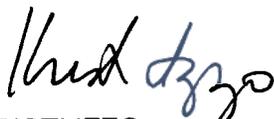

FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

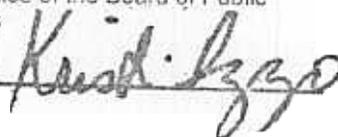

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



In the Matter of South Jersey Gas Company
To Change the Level of Its Basic Gas Supply Service
Docket No. GR08050366

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A copy of the administrative law judge's
decision is enclosed.

This decision was mailed to the
parties on JUL 20 2009



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 12098-2008

AGENCY DKT. NO. GR08050366

**IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO CHANGE
THE LEVEL OF ITS BASIC GAS SUPPLY
SERVICE CHARGE**

Ira G. Megdal, Esq., for petitioner, South Jersey Gas Company (Cozen
O'Connor, attorneys)

Sarah H. Steindel and **Henry M. Ogden**, Assistant Deputy Public Advocates,
Stefanie A. Brand, Director, Department of the Public Advocate, Division
of Rate Counsel

Alex Moreau and **Kerri A. Kirschbaum**, Deputy Attorneys General, on behalf of
the Staff Public Utilities

Record Closed: July 15, 2009

Decided: July 15, 2009

BEFORE **W. TODD MILLER**, ALJ:

This matter was transmitted to the Office of Administrative Law on December 2, 2008, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13.

have reviewed the record and the terms of settlement and I **FIND**:

- 1 The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

7-15-09
DATE

Date Received at Agency:

Date Mailed to Parties:

/sd



W. TODD MILLER, ALJ
JUL 20 2009

JUL 23 2009



A PENNSYLVANIA PROFESSIONAL CORPORATION

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July 15, 2009

VIA E-MAIL AND FACSIMILE

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

RECEIVED
2009 JUL 15 A 11:22
COMMUNICATIONS SECTION

**In the Matter of the Petition of South Jersey Gas Company to Change
the Level of Its Conservation Incentive Program Charge for the CIP Year
Ending September 30, 2009
BPU Docket No. GR08050367
OAL Docket No. PUCRA 12097-2008S**

**In the Matter of the Petition of South Jersey Gas Company to Change the
Level of Its Basic Gas Supply Service Charge for the BGSS Year Ending
September 30, 2009
BPU Docket No. GR08050366
OAL Docket No. PUCRA 12098-2008S**

Dear Secretary Izzo:

Enclosed for filing, please find fully-executed Stipulations for each of the above-referenced matters. Please be advised that the original signature pages will follow under separate cover.

Kristi Izzo, Secretary
July 15, 2009
Page 2

It is anticipated that this matter will be heard at the Board's July 29, 2008, Agenda meeting.

Sincerely,

COZEN O'CONNOR, PC

By: 
Stacy A. Mitchell

SAM:es
Enclosures

cc: Honorable W. Todd Miller (w/enc., via email)
Service List (w/enc., via email)

**In the Matter of the Petition of
South Jersey Gas Company to Change the Level of its
Conservation Incentive Program Charge
BPU Docket No. GR08050367
OAL Docket No. PUCRA-12097-2008S**

-and-

**In the Matter of the Petition of South Jersey Gas Company
to Change the Level of its Basic Gas Supply Service Charge
BPU Docket No. GR08050366
OAL Docket No. PUCRA 12098-2008S**

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION
OF SOUTH JERSEY GAS COMPANY
TO CHANGE THE LEVEL OF ITS BASIC
GAS SUPPLY SERVICE CHARGE FOR
THE BGSS YEAR ENDING
SEPTEMBER 30, 2009**

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**BPU DOCKET NO. GR08050366
OAL DOCKET NO. PUCRA
12098 2008S**

STIPULATION

APPEARANCES:

Ira G. Megdal, Esquire, (Cozen O'Connor, attorneys) for South Jersey Gas Company ("Petitioner")

Sarah H. Steindel and Henry M. Ogden, Assistant Deputy Public Advocates, on behalf of the New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel")

Alex Moreau and Kerri A. Kirschbaum, Deputy Attorneys General, on behalf of the Staff of the Board of Public Utilities ("Staff")(Anne Milgram, Attorney General of the State of New Jersey).

TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. INTRODUCTION

1. This Stipulation is intended to make final the provisional rates in BPU Docket No. GR08050366.

II. PROCEDURAL HISTORY

2. On May 30, 2008, South Jersey filed a Petition in Docket No. GR08050366 to change the level of its BGSS clause ("2008 Petition"). Pursuant to this Petition, the Company proposed to increase its Periodic BGSS charge from its then current level of \$0.9564 per therm

(including taxes) to \$1.2355 per therm (including taxes), effective October 1, 2008, which would have resulted in the recovery of an additional \$73,721,758.00 in revenues.

3. The 2008 Petition requested the Board to: (1) authorize that the gas cost portion of the D-2 charge for the Rate Schedule LVS be set at \$13.8976 per Mcf (including taxes); (2) authorize that the gas portion of the Firm and Limited Firm D-2 charges for Rate Schedule EGS-LV be set at \$15.1534 per Mcf, and \$6.9488 per Mcf (including taxes), respectively; (3) authorize that the gas portion of the D-2 charge for Rate Schedule FES be set at \$6.9488 (including taxes); and (4) authorize the non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV be set at \$0.0836 per therm (including taxes).

4. A public hearing for the 2008 Petition was held on August 20, 2008. The public hearing was noticed in newspapers of general circulation within South Jersey's service territory. No members of the public appeared to provide comments relating to the Company's request to increase its Periodic BGSS rates.

5. By Board Order and Decision dated November 21, 2008 (the "November 21, 2008 Order"), the Board approved a stipulation for provisional rates implementing South Jersey's request to increase the level of its BGSS from its then current level of \$0.9564 per therm (including taxes) to \$1.0977 per therm (including taxes) effective November 21, 2008, resulting in the recovery of \$38,031,628.00 in revenues annually.

6. By Board Order and Decision dated December 31, 2008 (the "December 31, 2008 Order"), the Board approved, on a provisional basis, subject to refund with interest on any net over recovery, a provisional decrease in South Jersey's after tax BGSS rate to \$1.0627 per therm (including taxes) from \$1.0977 per therm (including taxes). The Board further ordered that all

other provisional rates approved by the November 21, 2008 Order in Docket No. GR08050366 remain in full force and effect.

7. As a result of the December 31, 2008 Order, the average residential heating customer using 100 therms of gas during a heating month experienced a decrease of approximately \$3.50, or 2.1% per month.

III. STIPULATION TERMS

8. South Jersey, Board Staff and Rate Counsel (collectively the "Parties"), the only parties to these proceedings, have discussed certain matters at issue in this proceedings. As a result of those discussions, the Parties have determined that it would be reasonable and in the public interest to make final the provisional rates previously approved in the December 31, 2008 Order.

9. The Parties accordingly **STIPULATE AND AGREE** that the BGSS rates contained in the stipulation approved by the Board's Decision and Order approving Stipulation for Provisional Rates Docket No. GR08050366, dated December 31, 2008, should be made final and permanent.

10. The Parties further stipulate and agree that all other provisional rates approved in the November 21, 2008 Order in Docket No. GR08050366 in addition to the rates referenced in Paragraph 9 above should be made final and permanent.

11. In its Petition in this matter, the Company requested, in paragraph 36, a Storage Incentive Mechanism ("SIM") accounting order, as described therein. The parties to this Stipulation agree that consideration of the Company's proposal in this regard will be deferred for consideration in the Company's 2009-2010 BGSS proceeding.

2. In this proceeding, the Company has proposed to credit balancing charge credits and FES Tariff Addendum credits to its Periodic BGSS customers. The parties hereto stipulate that the allocation of such credits to the Periodic BGSS customers is appropriate.

Following acceptance of this Stipulation by an Order of the Board, South Jersey will submit Compliance Filing incorporating the provisional rate decrease approved by the Board within 7 days of such approval.

IV MISCELLANEOUS

This Stipulation represents mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

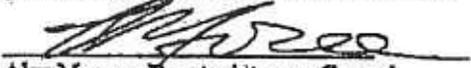
5. is specifically understood and agreed that this Stipulation represents negotiated final agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, South Jersey, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. Also, all rates subject to Board audit.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

SOUTH JERSEY GAS COMPANY

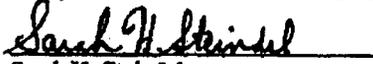

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STÉFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: 
Sarah H. Steindel
Assistant Deputy Public Advocate

Dated: _____

Docket No. GR08050366 – In the Matter of the Petition of South Jersey Gas Company to Change the Level of its Basic Gas Supply Service Charge

Jerome May, Director, Division of Energy, presented this matter.

BACKGROUND AND DISCUSSION:

In accordance with the New Jersey Board of Public Utilities (“Board”) January 6, 2003 Order in Docket No. GX01050304, South Jersey Gas Company (“Petitioner,” “Company”, or “SJG”) filed its annual Basic Gas Supply Service (“BGSS”) petition with the Board on May 30, 2008. The Company’s petition sought to increase its Periodic BGSS (“BGSS-P”) charge from its then current level of \$0.9564 per therm (including taxes) to \$1.2355 per therm (including taxes), effective October 1, 2008. The Petition also requested the Board to authorize 1) the gas cost portion of the D-2 charge for Rate Schedule LVS to be set to \$13.8976 per Mcf, (including taxes); (2) the gas cost portion of the Firm and Limited Firm D-2 charges for Rate Schedule EGS-LV to be set to \$15.1534 per Mcf, and \$6.9488 per Mcf, (including taxes) respectively; (3) the gas cost portion of the D-2 charge for Rate Schedule FES to be set to \$6.9488; and (4) the non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV to be set to \$0.0836 per therm, (including taxes).

By Board Order dated November 21, 2008, the Board approved a stipulation for provisional rates which increased the level of SJG’s BGSS-P rate from its then current level of \$0.9564 per therm (including taxes) to \$1.0977 per therm (including taxes) effective November 21, 2008. The Order resulted in the recovery of \$38, 031,628 in additional annual revenues to SJG.

On December 31, 2008, the Board issued an Order, which approved on a provisional basis, subject to refund with interest on any net over recovered BGSS balance, a provisional decrease in the Company’s after tax BGSS rate to \$1.0627 per therm from \$1.0977 per therm. The Board further ordered that all other provisional rates approved by the November 21, 2008 Order in this matter remain in full effect. As a result of the December 31, 2008 Order, the average residential heating customer using 100 therms of gas during a heating month experienced a decrease of approximately \$3.50 or 2.1% per month.

The Company, Board Staff, and the Office of the Public Advocate, Division of the Rate Counsel, the only parties to these proceeding, after the exchange of discovery and settlement discussions, entered into a Stipulation dated July 15, 2009 to make the provisional rates approved on December 31, 2008 final.

On July 15, 2009, Administrative Law Judge Miller issued his Initial Decision approving the July 15, 2009 Stipulation and recommended Board approval of the July 15, 2009 Stipulation.

The Board approved Staff’s recommendation to adopt the Initial Decision and the Stipulation with rates effective on and after the date of the Board Order.